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PROTECTION AGAIN.

A Chapter About the Wool Industry.

STERN FACTS AND FIGURES

Economics for the Use of Wool Growers and Others — Does Protection Protect?

BY J. H. PAUL.

In last Sunday's *Tribune* a letter from Mr. Crane appeared, in which the gentleman endeavors to reply to my review of his first article; he makes no answer to my argument, nor does he attempt any explanation or refutation of the statistics I presented, but claims that I misquoted him, arraigned him personally, etc. Then he proceeds to attack me, mentioning my name fifteen times in three-fourths of a column, saying that I am a prevaricator, "a shining light in Israel," and in inuating that (awful if true) I am a descendant of Abraham. He concludes this remarkable defense of the tariff on wool by offering to fill me full of wool and mutton, if I will only grasp the opportunity, discard politics and the free-trade party, and work for Utah.

Now, it is just because I am working for Utah that I reviewed his article, and because I prefer to grasp the situation rather than the opportunity, I must refuse to discard truth and the common welfare at the bidding of any selfish, private interests. Therefore, I shall pass over the offensive and ludicrous parts of the gentleman's letter and review such portions of it as have any immediate bearing on the subject under discussion.

First, he again with unblushing ignorance, says the tariff is paid by the foreigners for the privilege of competing with the American growers, and proves it (as he supposes) by quoting my words that the duties "are paid by the importer." Well, who is the importer? He is the American merchant; he pays the tax, and charges his customers the same amount more for the goods. Let Mr. Crane import some article on which there is any protective tariff, and he will speedily discover who pays the tax.

I would be a glorious thing if we could get foreigners to pay our taxes. We wouldn't care if the treasury did run over; we should abolish our own taxes, and make foreigners support our government by taxing their goods! Certainly, the attention of statesmen should be directed to this great and purely original discovery made by Crane, that they may lighten our burdens of taxation by taxing foreigners!

Further on he says "The great delusion of free trade is, that whenever a tax is put on an article, the consumer has to pay that tax himself. That depends on what the article is. Tea, for instance; if tea were taxed, we would have to pay it, because we grow no tea."

When I had read this far, I expected the gentleman to name some article on which we do not pay the tax; wool for instance, for we *do* grow that article. But he very wisely refrains from mentioning any imported article on which we do not pay the tax There is no such article. We challenge, not only Mr. Crane, but the whole school of Protectionists to name a single imported article on which the consumers do not pay the tax. He supposes that if we were only to grow tea, we should have no tax to pay on the tea we import! Then let us at once begin to grow tea; but we must first ascertain how much protective tariff must be put on tea for that purpose.

Since Chinamen work at tea culture for 5 cents a day, while our laborers get $1.50 a day, a tariff of thirty times the present price of tea would overcome this difference and we could profitably grow that article here. The price of a package of tea that now costs 30 cents would then be $8; we should have a great tea industry, *and no tax to pay*, provided we could raise all the tea we used.

But if the consumer objected that he now pays what seems to him a tax of $8.70 on each package of tea he uses, we could tell him that the Chinamen pay that tax because we now grow the tea ourselves. If this did not silence him we could tell him further, using Mr. Crane's very words: "If you want cheapness, go to Ireland. * * * Cheapness is not a sign of prosperity, it is the cry of the pauper. * * * Cheapness means low wages; dearness means high wages. Cheapness and misery, dearness and prosperity, go hand in hand." Then the consumer would think of the early days in Utah and wonder why dearness did not produce prosperity in those times of starvation.

I suspect that what my opponent wanted to say (and I am perfectly willing to say it for him) is that the protective duty does not necessarily cause the price of the protected article to rise to the full extent of the duty. This is, of course, the object of the tariff, but it usually falls even in this. It is so with the wool tariff. The commoner grades of wool are raised in this country with comparative ease. The duty on them is almost prohibitory, yet the price of the home product is not higher by the full extent of the duty. Indeed, the price of the home grown wool is so low that it is pointed to with pride by protectionists as a result of protection. If the tariff acts in this way, then why have a tariff? Its principal function is to maintain high prices, and I adduce the following schedule of prices, under all the tariff systems we ever had, as a complete refutation of the fallacy that the tariff has ever benefitted the wool-growers. The table gives the average price of wool in Boston during the last sixty years:

1824	70c	1856	60c
1825	60c	1857	60c
1826	52c	1858	55c
1827	44c	1859	60c
1828	45c	1860	50c
1829	55c	1861	47c
1830	70c	1862	47c
1831	75c	1863	70c
1832	60c	1864	75c
1833	65c	1865	95c
1834	70c	1866	69c
1835	65c	1867	61c
1836	70c	1868	43c
1837	70c	1869	49c
1838	55c	1870	37c
1839	60c	1871	46c
1840	50	1872	50c
1841	52c	1873	41c
1842	48c	1874	40c
1843	36c	1875	39c
1844	50c	1876	35c
1845	45c	1877	33c
1846	40c	1878	31c
1847	47c	1879	30c
1848	45c	1880	30c
1849	42c	1881	29c
1850	47c	1882	25c
1851	50c	1883	2.c
1852	50c	1884	26c
1853	6 c	1885	27c
1854	57c	1886	32c
1855	52c	1887	32c

Examining the table, we observe that there has been no definite connection between the price of wool and the tariff. Prices have been low when the duty was high and *vice versa*. The best average prices of the whole period were obtained just previous to the tariff of 1867, the highest of all being those of the almost free trade period from 1856 to 1857. Scarcity produced the high prices of 1871--2; in 1873 there was a heavy fall, and the course has been downward with a few exceptions, ever since.

The explanation of this curious fact that the price of wool has been least during the time that the protection has been greatest, is so well stated by Mr. Hazard, a manufacturer who has given the subject much attention, that I cannot forbear quoting his luminous language:

"It is perfectly clear that wool growers are dependent on wool manufacturers for their market. If woolen goods cannot be sold at a profit, wool must decline in price until they can be. The absence of prosperity among manufacturers is a sure indication of a bad market for wool. The fact of this dependence cannot be too strongly insisted on. It was through the manufacturers that the tariff of 1867 injured the wool growers. The country did not produce enough wool for its wants. It did not produce the kinds of wool required for certain fabrics, and suddenly the cost to the manufacturer of all imported wools was largely advanced. The mills could not be run without these important wools. Those mills which had used an admixture of domestic and foreign wools were forced either to buy their wool for less, or advance the cost of their fabrics. A struggle was thus begun by manufacturers to put down the price of wool and put up the price of goods. The wool growers necessarily had a bad market.

"A grave error was also committed by the framers of the tariff of 1867 when they assumed that the price of goods would be advanced by the makers of them to any desirable point. Wool was to be advanced and goods were to be put at a corresponding price. But this can never be done. Price can not be fixed arbitrarily. The ability of the consumer to buy is the final governing fact. No legislation can affect this, and if the price is fixed above this ability, no sales can be made.

Further, at a certain price a certain quantity of an article can be sold. At a lower price, it comes within the ability of a new set of customers and more can be sold. If the price is raised the consumption is at once diminished. No juggling with the tariff can evade this principle. By increasing the cost of the imported raw material, the tariff could and did increase the cost of goods, but it could not make consumers buy them Manufacturers had to work under the most unfavorable circumstances, and the wool market was necessarily depressed."

The idea that American growers would suffer greatly by a removal of the present tariff is further shown to be incorrect by the following considerations: The Australian wools best suited for the United States markets are, as a rule, soft-handling, fine-haired and silky. These properties are mainly due to climatic differences, pasturage, etc. These differences the tariff cannot alter. The alkaline soils of our western Territories will not, on an average, give such wools; and the fine wools will be imported, even though the tariff makes them expensive. There is no question about the ability of Americans to produce fine cloths and dress goods, provided they could get their fine wool at the same price that foreigners get it. "Remove the tariff," the American manufacturers say, "and we shall soon undersell all foreign-made woollen fabrics, besides competing with other countries in the various markets of the world." At the same time, the American flock-master would sustain little, if any loss, because the wools imported would be mostly of a different quality from those which he is able to produce.

Now, while the wool-growers have not been specially benefited by the tariff, wool manufactures have been in a declining condition for many years, while the importations of woollens of foreign manufactures have been constantly on the increase. The census returns of 1870 and 1880 respectively, show the following results in regard to our woollen manufactures:

	1870	1880
No of establishments	2,891	1,990
Sets of cards	8,365	5,961
Lbs of domestic wool used	154,000,000	177,000,000
Lbs. of foreign wool used	17,311,000	20,480,000
Lbs. of woollen and worsted yarn	2,573,000	3,900,000

The decrease in the number of establishments and cards in the ten years is nearly one-third. The number of hands employed in 1880 was 6,000, or 7½ per cent. more than the number employed in 1870, though the population of the country had meanwhile increased 30 per cent.

How completely the so-called protection has failed to decrease the importation of foreign wool, may be seen from the following table, giving the total value of the raw wool, woollen waste, and unfinished woollen articles imported during twenty years. The remarkable fluctuations imply unstable and therefore dangerous financial conditions:

Year.	Am. of wool, etc., imp.	Year.	Am. of wool, etc., imp.
1865	$27,000,000	1875	$35,600,000
1866	67,000,000	1876	41,000,000
1867	51,500,000	1877	32,800,000
1868	36,000,000	1878	33,500,000
1869	40,000,000	1879	29,000,000
1870	41,000,000	1880	57,600,000
1871	38,600,000	1881	49,800,000
1872	70,600,000	1882	45,000,000
1873	71,500,000	1883	55,000,000
1874	55,000,000	1884	52,500,000

Comment on the above table is unnecessary. The cost of wool and woolen cloth imported each year is over $50,000,000; the value of our entire wool clip is less than $100,000 000. We import this large amount of wool because we have to, and would not import much more if the tariff were removed. The main difference then would be that the American manufacturer would get the profit of working these wools, which the foreign manufacturer now receives

But the most shameful part of this history is that the tax on these imported goods, and especially in the case of cloths, falls mainly on the middle poorer classes. "As this is the poor man's government, it is natural enough that the poor man is taxed heaviest. On his clothing he still pays nearly double the rate of the rich man." Low priced goods, as cloth at 75 cents a yard, pay a duty of 87½ cents, or 116 per cent.; while fine goods, made of the pure wool of the finest texture, at $2 a yard, pay a duty of $1,41, or 70½ per cent.

The present wool tariff dates from 1867, when the woolen manufacturers held a convention at Syracuse; but the wool-growers were there also. The manufacturers wanted a reduction, the growers wanted an increase, of the duty on wool. Such a difference seemed to admit of no compromise. However, an adjustment satisfactory to both was made by increasing the duties both on wool and woolens, each party throwing the other a sop in the form of a tariff. The tariff there concocted was enacted into a law in 1867. It consisted of a minute classification of wools, and a complicated graduated rate, which has tormented the woolen industry ever since Under the belief that the woollen manufacturers were shielded from foreign competition, mills were started by inexperienced persons in improper places, and the supply of cloth, all on one grade, glutted the market. A crisis occurred in 1869; mills were mortgaged and sold for a fraction of their cost A. T. Stewart acquired mill after mill, but even his business ability failed to make his factories pay; and up to the present time there has been only a struggling and unremunerative existence for this industry, which has never been really prosperous since the tariff of 1867.

To return to my opponent's answer: He says I misquoted him about 50,000,000 of sheep, representing a capital of $500,000,000. These are his words: "There are over 1,000,000 *wool growers* in the United States, representing a capital of $500,000,000. If they, *as wool growers, represent a capital of $500,000,000*, there is no escaping the conclusion that each sheep is worth $10; but if he means that besides owning nearly 50,000,000 of sheep, these men own about $400,000,000 in other property then his figures were misleading, and foreign to the subject.

The gentleman evidently does not know the value of quotation marks, for in another instance, in which he says I am a prevaricator, he has ignored them. I wrote, "Because" * * * of the tariff on wool, the words are these: "Because, sir, he knows that his honest toil will be rewarded, etc Remove the duty off wool lead, or other raw products, and of hundreds of manufactured articles, and the poor of America are no better than the poor of Europe."

And in regard to his several succeeding paragraphs, I have only to remind him that the question under discussion is, not whether American laborers are in a better condition than English laborers, but whether this difference is due to the tariff.

But if the gentleman says that American laborers in protected industries are higher paid than the same laborers in England, I deny it with the following statistics: In America the laborers received in 1878, in the woollen manufactures, from $4.50 to $9 per week, working sixty hours; in Leeds the laborers in wool received from $4.32 to $6.72 per week, working fifty hours. In the protected iron mining, Pennsylvania pays her miners from 70 cents to $1 per day—the same wages as in Cornwall. While in the cotton mills (there is no protective tariff on cotton) our laborers receive from 20 to 50 per cent. higher wages than the cotton operatives of England.

The gentleman speaks of the great difficulty of raising wool in this country, and the painful losses of sheep owners, but he gives this as a reason for protection; whereas the present tariff on wool was obtained on the very plea that this country is well adapted to the production of wool. Mr. Crane will have it that wool-raising is a risky and ill-paying business, yet he keeps sinking money in it, and calls upon others to make up his losses; while the lobbyists say it is a business that pays well, and yet they keep asking for more help for it.

Take which horn of this dilemma we will, and the conclusion remains that in neither case is the tariff justifiable, whether to keep men employed in a business that does not pay, or to give extra money to those already well paid.

It would seem that the sheep business has been overdone of late; that the attempt to raise sheep on land that can more profitably be put to some other use, will result in loss; that the undue accumulation of sheep in the country is a financial detriment in more ways than one; that other industries—the raising of other kinds of stock, for example—are being seriously injured by the great number of sheep in certain districts; and that the sheep-owners do themselves much injury by inducing Congress to continue the present tariff.

But the feeling against the present tariff is becoming so strong, and so many are investigating it, that the protectionists must soon give way. Let us hope that in the near future, that piece of folly—the tariff of 1867, which injured those it was intended to aid, and which was a robbery pure and simple, of the great majority of the American people, will cease to exist, and will be remembered only as an ugly vision of the past.

Since writing the above I observe that one N. Thompson, who no doubt thought Mr. Crane's article an insufficient reply, has undertaken to remedy matters by using the figures I gave.

Excepting the $35,000,000 on cloth, the calculations are based on the wool growers' assumption that the tariff benefits them to the extent of 10 cents per pound on wool; and on this assumption I proved that the tariff costs more than it produces.

The $81,000,000 was not the manufacturer's profit, but it was the extra cost *he had to pay for his wool* because of the tariff. Allowing that the sheep-growers actually receive 10 cents on each pound (which they do not) and their total profit was $22,000,000. The loss, therefore, is what I stated.

His demonstration that the country loses $175,000,000 a year instead of $94,000,000, pleases me well enough. I purposely took the lowest possible estimate of the loss. His other remarks are answered above.